American Federation of Labor and Congress of Industrial Organizations
American Federation of State and County Municipal Employees (AFSCME)
American Federation of Teachers
Communications Workers of America
International Association of Machinist and Aerospace Workers
International Brotherhood of Boilermakers, Iron Shipbuilders, Blacksmiths and Forgers
International Brotherhood of Electrical Workers (IBEW)
International Brotherhood of Police Officers
International Brotherhood of Teamsters
International Union, United Automobile, Aerospace and Agricultural Workers of America (UAW)
Laborers International Union of North America (LIUNA)
National Association of Government Employees
Air Line Pilots Association
PACE International Union
Service Employees International Union (SEIU)
United Food and Commercial Workers International Union (UFCW)
United Mine Workers of America
United Steel Workers of America
UNITEHERE

February 28, 2005

Dear Senator:

Bankruptcy legislation, S.256, the "Bankruptcy Abuse Prevention and Consumer Protection Bill of 2005," is scheduled for floor debate this week. This bill, virtually unchanged in scope and purpose since it was first introduced eight years ago, proposes unprecedented changes to the consumer bankruptcy system that would affect working families in need of financial relief. The bill contains many controversial provisions, such as those that establish a rigid means test and increase the risk of eviction. They are designed to tip the balance decidedly in favor of creditor interests based on creditor-perceived abuses of the system.

However, research continues to show that the large majority of consumer bankruptcy filings are triggered by disruptive events such as job loss or catastrophic medical bills. Those involved are by and large people of modest means. The changes sought by this bill are unwarranted and unjust and place new burdens on our most vulnerable working families at times of financial distress.

Provisions affecting business bankruptcies fare no better. Packed with terms that are tailored to well-funded creditor interests, the bill does little to address the devastating effects of the past seven years of business bankruptcies on workers. During this period, workers have sustained unprecedented job loss, endured the termination of pension plans, and faced wage cuts, elimination of health care and other benefits, often all in the same bankruptcy case. They have watched businesses disappear from their communities. No sector of the economy has escaped. Bankruptcies have plagued over 45 steel companies and countless other manufacturing, retail, service, energy, mining, transportation, textile and telecom businesses since the time this bill was first introduced.

Real bankruptcy reform would fix an inadequate wage priority which subjects workers' wages and benefits to arbitrary payment rules. Real bankruptcy reform would rationalize the treatment of claims by injured workers. Real bankruptcy reform would fix the asset sale rules to prevent companies from simply walking away from retiree health care. S.256 does none of these things. If the goal is bankruptcy reform, then S.256 needs a lot of work and a lot more time. Congress needs to take an in depth look at bankruptcy legislation and address the need for reform as it exists now, not as it existed eight years ago. As such, we ask that you vote against S.256 as worded and support any amendment that addresses the concerns of millions of working Americans.

We would be happy to brief you and your staff. Please call Greg Jefferson at 202/637-5087 to make arrangements or for general information. Thank you.